

**Arlington Contributory Retirement Board
Minutes for July 21, 2016
At the Town Hall Annex
Second Floor Meeting Room**

Board members present: Chairman John Bilafer, Richard Keshian, Kenneth Steele, Kenneth Hughes and Richard Viscay

Guest: Mr. Dan Dynan and Mr. Aneish Arora, of Meketa Investment Group

Call to order Regular Monthly Meeting

Chairman Bilafer called the regular meeting to order at 4:35 P.M

Meketa presentation of OPEB

Mr. Dynan and Mr. Arora as part of the presentation to the Board prepared a detailed handout containing performance of the OPEB Fund as of June 30, 2016. This was presented to the members of the Board and will become part of the records of the Boards.

Mr. Dynan informed the Board that the OPEB Trust from January 1, 2016 through June 30, 2016 had returned of 3.3% net of fees.

Chairman Bilafer asked how that return percentage compares to the PRIT Fund. Mr. Dynan told the Board that the PRIT Fund over the same period had a 3.25% return net of fees.

Mr. Dynan and Mr. Arora then discussed with the Board the Asset Allocation Review portion of the presentation. Mr. Dynan started by reminding the Board that the asset strategy is set up for the long term goal set by the Board of 7.75% assumed rate of return. Mr. Arora then referenced the Meketa Investment Group's 2016 Annual Asset Study Data. Mr. Arora told the Board that data from this report indicates that a portfolio of 65% domestic stocks 35% investment grade bonds has produced diminishing expected returns as well as actual returns over the past thirty years. Mr. Arora also stated that the data showed a positive correlation between long-term return expectations and the level of risk accepted. Mr. Arora conclude his portion of the presentation.

Mr. Dynan then spoke to the Board to discuss Asset Allocation based on the assumed rate of return. Mr. Dynan told the Board that the current asset allocation has a probability of 48% to achieve its goal of 7.75% assumed rate of return over 30 years and with some added risk the probability could go to 49%. Mr. Viscay asked why the number was so low. Mr. Dynan responded that the PRIT Fund had a 51% probability of achieving a 7.75% rate of return over 30 years and that portfolio had approximately 37% invested higher expected volatile investments such as Private Equities and Real Estate, which the Arlington OPEB is not invested in at this time. Mr. Dynan then added that Meketa does not

recommended that the Arlington OPEB have these type of investments until the assets are at 20 million dollars and currently the assets are valued at 9.2 million dollars.

Mr. Dynan then made his recommendation for the \$868,000 appropriation for Fiscal Year 2017. Mr. Dynan told the Board that the rebalancing recommendation will bring the allocation back in line with the current policies guidelines and they are as follows, \$250,000 to be invested in the Total Stock Market Index, \$143,000 to the Total Bond Index, \$60,000 to Short-Term Bond Index, \$115,000 to the Inflation-Protected Securities, \$ 200,000 to the Developed Market Index and \$100,000 to the High Yield Corporate Bonds.

After further discussion Mr. Viscay made a motion to rebalance the fund as recommended, seconded by Mr. Steele. The motion was approved by unanimous vote.

Motion and vote to approve Expense and Payroll Warrants 19,20 and 21

After review and discussion, Mr. Steele made a motion to approve the Expense and Payroll Warrants 19,20 and 21 for payment, seconded by Mr. Hughes. The motion was approved by unanimous vote.

Motion and vote to approve Minutes for June 2016

After review and discussion Mr. Steele made a motion to approve the June 2016 Minutes, seconded by Mr. Keshian. The motion was approved by unanimous vote.

Motion and vote to approve May 2016 Trial Balance

After review and discussion Mr. Steele made a motion to approve the May 2016 Trial Balances, seconded by Mr. Keshian. The motion was approved by unanimous vote.

Motion to approve new town members

After review and discussion Mr. Viscay made a motion to approve the new town members, seconded by Mr. Steele. The motion was approved by unanimous vote

<u>Name</u>	<u>Date of Membership</u>	<u>Percentage</u>	<u>Position</u>
Gabriel DeMartin Jr.	07-18-2016	9+2%	Night Supervisor Custodial
Janelle Greene	06-28-2016	9+2%	AYCC Psychologist
Caroline Kalogeropoulos	07-05-2016	9+2%	Principle Clerk Police

Motion and vote a refund of accumulated deductions for Adam Lewis in the amount of \$4,924.50. Mr. Lewis had 1 year and 8 months of creditable service working for the school's as a Teacher Assistant.

After review and discussion Mr. Viscay made a motion to approve the refund for Mr. Lewis, seconded by Mr. Keshian. The motion was approved by unanimous

Motion and vote a refund of accumulated deductions to Jeanne Wall the beneficiary of Katherine Wall who passed away as an inactive employee. The amount of the refund is \$2,348.52. Katherine had 1 year and 9 months of service for the schools as a Teacher Assistant.

After review and discussion Mr. Keshian made a motion to approve the refund for Ms. Wall, seconded by Mr. Viscay. The motion was approved by unanimous

Motion and vote a refund of accumulated deductions for Mr. Brian Curran in the amount of \$ 12,854.00. Mr. Curran had 4 years and 8 months of creditable service working for the Town as a Parking Control Officer.

After review and discussion Mr. Steele made a motion to approve the refund for Mr. Curran, seconded by Mr. Viscay. The motion was approved by unanimous

Motion and vote a refund of accumulated deductions for Mr. Krishan Kalia in the amount of \$ 2,180.10. Mr. Kalia had 6 months of creditable service working for the Town as a Water Craftsman.

After review and discussion Mr. Keshian made a motion to approve the refund for Mr. Kalia, seconded by Mr. Steele. The motion was approved by unanimous

Motion and vote a rollover of accumulated deductions for Deana D'Ambrosio in the amount of \$1,175.64. Ms. D'Ambrosio 7 months of creditable service working for the schools as a Teacher Assistant.

After review and discussion Mr. Keshian made a motion to approve the rollover for Ms. D'Ambrosio, seconded by Mr. Steele. The motion was approved by unanimous

Motion and vote a ADR application Section 94 for Robert Largenton

After review and discussion Mr. Keshian made a motion to approve the application for Mr. Largenton for purposes to proceed to a medical panel, seconded by Mr. Steele. The motion was approved by unanimous

Motion and vote updated Funding Schedule with 90ACDE

After review and discussion, Mr. Keshian made a motion to adopt the funding schedule of 5.50% increasing appropriation and 7.25% assumption rate to be fully funded in 2035, all in accordance with the above referenced agreement utilizing the with October 24, 2014 guidelines and including 90ACDE liability, seconded by Mr. Viscay. The motion was approved by unanimous vote.

Review educational charts

The Board reviewed the Educational Charts to confirm their accuracy

Motion and vote to approve August Expense and Payroll Warrants, 22 and 23

After discussion, Mr. Steele made a motion approve an August Expense Warrant not exceed \$180,000 and a Payroll Warrant \$1,600,000, seconded by Mr. Viscay. The motion was approved by unanimous vote.

Update on Offices Space

Mr. Greco informed the Board that the Retirement Office is fully moved in and fully functional.

New Business**Motion and vote to approve Fiscal Year 2017 Appropriation to PRIT Fund**

After review and discussion Mr. Steele made a motion to approve the transfer of \$9,500,000 to the PRIT Fund, seconded by Mr. Hughes. The motion was approved by unanimous

Adjourn

At 6:30 PM Mr. Viscay made a motion to adjourn the meeting, seconded by Mr. Hughes. The motion was approved by unanimous vote